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SUBJECT: METI MINISTER'S VISIT TO CENTRAL ASIA, MIDDLE EAST
ENERGY-FOCUSED

REF: TOKYO 2269

Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 (b,d)

1. (SBU) Summary: Officials from the Ministry of Economy
Trade and Industry (METI), the Agency for Natural Resources
and Energy (ANRE) and the Ministry for Foreign Affairs (MOFA)
confirmed the success of METI Minister Akira Amari's April 27
- May 5 visit to Central Asia and the Middle East. In
separate discussions officials emphasized increased

cooperation and understanding between Japan and Uzbekistan, Kazakhstan, Saudi Arabia, and Brunei. The METI official noted economic disparities between Kazakhstan and Uzbekistan and lamented the difficulty in helping Saudi Arabia diversify its economic base while an ANRE bureaucrat was especially pleased that Amari had the same access to top Saudi leaders as Prime Minister Shinzo Abe enjoyed on his recent Middle East trip. Meanwhile, the MOFA official commented on the importance of Central Asia's uranium and highlighted Japan's plans to exchange its technology for the mineral. End summary.

Another Successful Golden Week Visit

12. (SBU) Ministry of Economy, Trade and Industry (METI) Trade Policy Bureau Director General Masakazu Toyoda told EMIN that METI Minister Akira Amari's trip to Central Asia and the Middle East was "very successful." Amari visited Kazakhstan, Uzbekistan, Saudi Arabia and Brunei from April 27 to May 5. The goal for Amari's trip, according to Toyoda, was to increase the two-way cooperation between Japan and these four energy-supplying countries. Saudi Arabia and Brunei already export oil and natural gas to Japan while Japan's relationship with Kazakhstan and Uzbekistan is less developed. Former Prime Minister Junichiro Koizumi's visit to Central Asia in August 2006 gave the relationship a positive boost forward, Toyoda observed. He added that

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Central Asia is of great interest to both the United States and Japan and called for the two countries to cooperate in the region.

Notable Economic Gap between Kazakhstan, Uzbekistan

13. (SBU) Toyoda commented on the economic differences between Kazakhstan and Uzbekistan, saying that both countries have had the continuous rule of one president for the past 16 years but that Kazakhstan has enjoyed far greater economic growth. Toyoda noted the absence of development in Uzbekistan in contrast to big, new flashy buildings in Almaty, Kazakhstan. He asserted that Uzbekistan has now realized the disparity and is seeking Japanese overseas development assistance (ODA) to address it. Toyoda reported that Amari told the Uzbekistan government it must look for ways to improve economic growth and Toyoda believes Tashkent got the message. Toyoda also commented that Uzbekistan's regions are in even worse shape than its capital.

Doubts About Reducing Dependence on Hydrocarbons

14. (SBU) Toyoda reported that Saudi Arabia and Brunei are looking to diversify away from their heavy economic dependence on the oil and gas industries and are hoping Japan will help, which Toyoda asserted is unrealistic. He gave as an example automobile factories that require large numbers of smaller nearby companies to supply parts, something the Middle East lacks. Nevertheless, Japan hopes to deepen cooperation within the region, he said.

Number of Company Heads on Trip Grew Slowly

15. (C) Turning to PM Abe's nearly simultaneous visit to the Gulf region, Toyoda noted that the PM was accompanied on his

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trip by a group of over 100 businessmen, a number that was the result of a snowball effect. Originally, few companies had been interested in going but as the number began to increase other companies heard about it and wanted to be

included. Toyoda said half the corporate executives who went were CEOs and sixty percent were making their first trip to Central Asia and the Middle East. Separately, a Keidanren source told us the Japanese businessmen only met with Gulf government officials and struck no commercial deals.

Some Progress on ASEAN EPA

¶6. (SBU) Toyoda told EMIN that Amari attended the ASEAN economic partnership agreement (EPA) meeting in Brunei during which the members agreed on modalities, skirting the more contentious issues of product coverage and tariff levels. He noted that Japan has already agreed an EPA with six of ASEAN's main members and hopes to complete the one with ASEAN in August so that the ASEAN leaders can sign it in November. Toyoda thought the process was moving along more quickly than it had earlier.

Excellent Access to Saudis

¶7. (C) In a separate meeting, METI Agency for Natural Resources (ANRE) Petroleum and Natural Gas Division Director Shin Hosaka told Econoff that in addition to meeting with Prime Minister Shinzo Abe, Saudi King Abdullah and Saudi Crown Prince Sultan also had met with Amari when he visited a few days later, which Hosaka said is very unusual. In particular, Crown Prince Sultan spoke with Amari for over 40 minutes, an indication of Saudi willingness to repair its relationship with Japan, according to Hosaka (reftel).

Uranium Key Focus in Kazakhstan

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¶8. (C) Ministry of Foreign Affairs Central Asia and Caucasus Division Director Hideki Uyama also labeled Amari's visit "a great success," adding that it was an important follow-up to Koizumi's trip in August 2006, during which Japan and Kazakhstan agreed to enhance bilateral cooperation in the peaceful use of nuclear energy, including joint development of uranium mines. Since then, a number of private Japanese companies in the nuclear energy business have been actively negotiating with Kazakh counterparts on possible cooperation in the development of mines and transport of uranium ore, according to Uyama. In addition, the Kazakhs are very interested in acquiring Japanese technology to improve their uranium processing industry and hope that in the future Japanese companies will assist them in developing a nuclear power plant. This latest visit involved a package of items involving uranium-for-technology trade, Uyama said.

Comment

¶9. (C) Toyoda contended that Amari's trip met METI's goal of increasing cooperation between Japan and the countries he visited, but the proof of that assertion will lie in the follow-up. The interest Japan has shown in Central Asia's uranium and its willingness to trade its technology for the mineral contrasts with an apparent lack of interest in trading nuclear know-how for oil and natural gas in the Middle East and indicates a far greater caution toward the Middle East than toward Central Asia.

SCHIEFFER